

ANNUAL REPORT  
FOR THE  
YEAR ENDING  
MARCH 29, 1958

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CORPORATION FILE

# FIRST NATIONAL STORES



BOARD  
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# FIRST NATIONAL STORES INC.

## OFFICERS

ADRIAN O'KEEFFE, *President*

RALPH F. BURKARD, *Treasurer*

BYRON M. FLEMMING, *Vice-President*

JOHN L. MACNEIL, *Vice-President*

EDMUND J. MURPHY, *Vice-President*

REUBEN KAPLAN, *Assistant Treasurer*

WILLIAM A. RYAN, *Secretary*

JOHN E. ELWELL, *Clerk*

## DIRECTORS

RALPH F. BURKARD

BYRON M. FLEMMING

JOHN L. MACNEIL

EDMUND J. MURPHY

JAMES J. O'HARE

ADRIAN O'KEEFFE

BERNARD M. O'KEEFFE

## EXECUTIVE COMMITTEE

RALPH F. BURKARD

JOHN L. MACNEIL

ADRIAN O'KEEFFE



This distinctive supermarket, opened within the year at Mount Vernon, N. Y., has already become a Westchester landmark. Its Finast tower is visible from the Hutchinson River Parkway at all times.

**TO THE STOCKHOLDERS OF FIRST NATIONAL STORES INC.:**

Somerville, Massachusetts, June 2, 1958

Sales for the fiscal year ending March 29, 1958 amounted to \$521,494,993, a new high and an increase of \$14,133,556 over the sales of \$507,361,437 for the previous year.

Earnings, too, reached a new high and were \$8,799,277, equivalent to \$5.37 for each share of our stock. In the previous fiscal year \$4.91 was earned on each share and total earnings for that year were \$8,039,041.

Dividends totaling \$2.50 per share were paid on the common stock outstanding and consisted of four quarterly dividends of 50c per share and a year-end special dividend of 50c per share. In the prior year similar dividends also totaling \$2.50 per share were paid.

The following is a brief summary of our operations:

	<i>For the Fiscal Year Ending</i>	
	<i>March 29, 1958</i>	<i>March 30, 1957</i>
Retail store sales . . . . .	\$521,494,993	\$507,361,437
Net earnings after taxes . . . . .	\$ 8,799,277	\$ 8,039,041
Per share of common stock		
After taxes and before Lifo adjustment . . . . .	\$5.40	\$5.02
Lifo inventory adjustment . . . . .	<u>— .03</u>	<u>— .11</u>
Total . . . . .	<u>\$5.37</u>	<u>\$4.91</u>
Net working capital (current assets less current liabilities) . . . . .	\$ 17,526,003	\$ 19,595,027
Fixed or property assets (less depreciation) . . . . .	52,578,634	46,339,902
Stockholders' equity (net worth) . . . . .	72,590,403	67,883,971

On the center pages are graphic charts showing the results of our operations for the past thirty-two years. The per share earnings chart gives effect, for all years, to the 2-for-1 stock split in 1951.

First National for the first time has crossed the Hudson River into Rockland County with a modern supermarket in New City, N. Y., shopping center for the surrounding countryside.



There were no loans outstanding at the close of the fiscal year and the financial condition of your company remains strong. Our net expenditure for fixed assets during the year amounted to \$14,763,103. The funds were obtained from the use of the year's provision for depreciation in the sum of \$8,174,892 and the balance from retained earnings and other company resources. Working capital was \$17,526,003 as compared with \$19,595,027 at the end of the prior year. Stockholders' equity was \$72,590,403, an increase of \$4,706,432.

During the year twenty-five new supermarkets were opened. Twenty-four supermarkets were either enlarged or remodeled. Fifty-eight small volume stores, including twenty-four inadequate, smaller supermarkets, were closed. At the end of the year 575 stores were in operation, of which 341 are supermarkets. Supermarkets now account for over 90% of our sales.

Our continuing search for improved operating methods, our new store program and our practice of modernizing stores, plants and equipment have resulted in low distribution costs. These low costs make possible our policy of low retail prices in our stores. We believe that our customers have welcomed our outstanding values in quality merchandise, particularly in view of recent economic conditions. Today there is increasing evidence that the consumer is interested in obtaining the fullest possible value for each dollar expended.

Store development is of continuing importance in food retailing. We plan to open at least 30 new supermarkets in the current fiscal year. A substantial number of supermarkets will be either remodeled or enlarged. Some of the new supermarkets will be in communities where we have not previously been represented. Recently we opened our first store west of the Hudson River in the State of New York and in the near future we will open our first store in New Jersey.

The continued expansion of our company's business and the nature of modern supermarket operations require greater emphasis on management and personnel development. With this in mind, your company is currently engaged in enlarging its personnel, training and management development programs so that our people may serve our customers better and more efficiently.

With deep regret we record here the death on June 13, 1957 of Mr. Samuel Joseloff, a Director since 1929, and the death on October 2, 1957 of Mr. Daniel J. Lyne, a Director since 1947. Their contributions to the progress of the company were many.

In the First National Stores organization there are now 15,600 men and women and their loyal and able support is greatly appreciated.

**ADRIAN O'KEEFFE,**  
*President*

#### **ANNUAL MEETING — PROXIES**

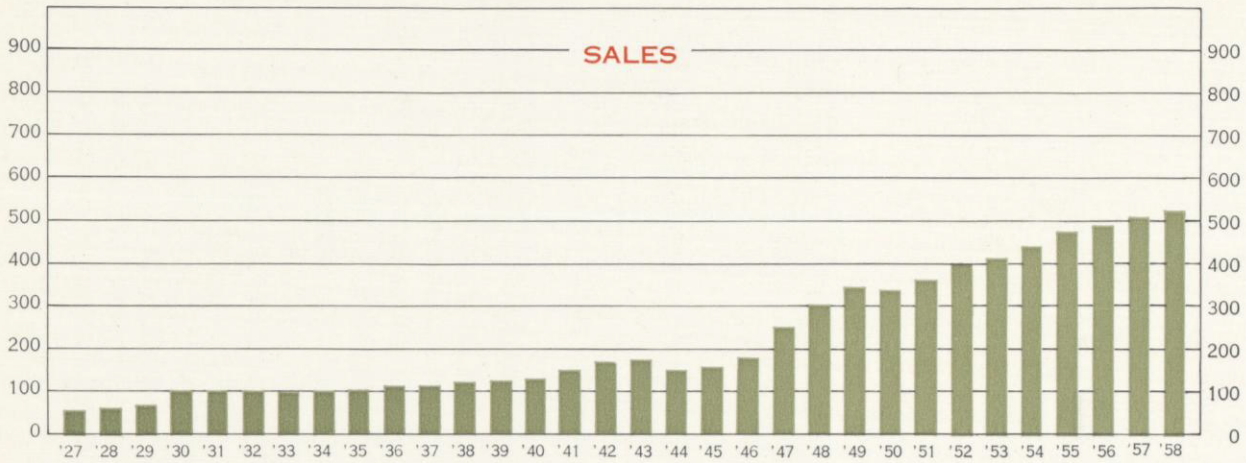
A notice of the annual meeting of stockholders, proxy statement and proxy accompany this report. Stockholders ARE REQUESTED TO SIGN THE MANAGEMENT'S AUTHORIZED PROXY AND MAIL PROMPTLY IN THE ENVELOPE PROVIDED. Your immediate attention to this important matter will be greatly appreciated and will save your company considerable time and expense.



This impressive, modern food store now serves the needs of South Lawrence, Mass., a section of the famous textile city newly revitalized by diversified industries.

MILLIONS OF DOLLARS

MILLIONS OF DOLLARS



*Retail Stores Sales — Fiscal Years*

1927	\$59,038,304	1932	\$107,634,383	1937	\$120,682,961	1942	\$174,378,932	1947	\$256,506,910	1953	\$424,521,672
1928	64,445,962	1933	100,892,947	1938	124,294,617	1943	187,839,592	1948	315,915,554	1954	442,180,165
1929	75,884,639	1934	105,812,781	1939	124,222,955	1944	164,924,978	1949	354,444,614	1955	470,628,572
1930	107,635,216	1935	111,323,463	1940	131,041,157	1945	170,236,678	1950	344,171,022	1956	491,667,908
1931	108,196,686	1936	119,575,417	1941	142,680,921	1946	182,131,241	1951	371,853,140	1957	507,361,437
								1952	406,773,153	1958	521,494,993

STORES

STORES

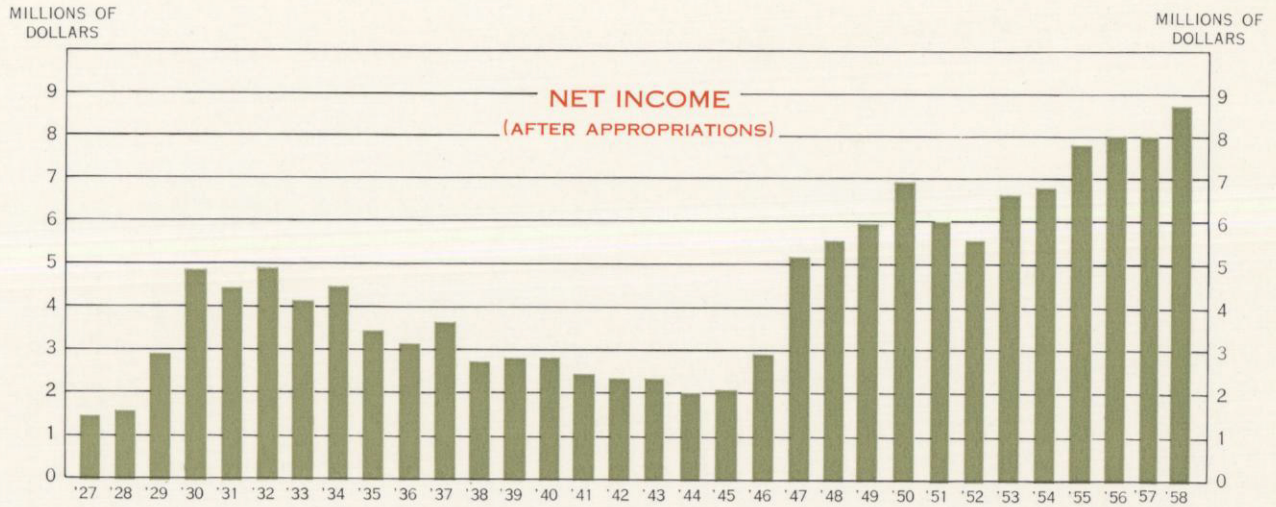


*Stores — Fiscal Years*

1927	1681	1932	2546	1937	2473	1942	1748	1947	1201	1953	847
1928	1717	1933	2705	1938	2350	1943	1585	1948	1150	1954	761
1929	2002	1934	2653	1939	2244	1944	1463	1949	1083	1955	702
1930	2549	1935	2623	1940	2137	1945	1340	1950	1033	1956	661
1931	2548	1936	2556	1941	1923	1946	1236	1951	979	1957	607
								1952	922	1958	575

On famous Revere Beach Parkway in Chelsea, (Mass.) the busy new First National supermarket is strategically located and readily accessible. Close to the ocean, it marks the gateway to the scenic North Shore.





*Net Income — Fiscal Years*

1927	\$1,492,193	1932	\$4,825,611	1937	\$3,647,001	1942	\$2,380,294	1947	\$5,357,235	1953	\$6,742,051
1928	1,593,358	1933	4,220,099	1938	2,705,191	1943	2,465,079	1948	5,629,705	1954	6,830,629
1929	2,904,884	1934	4,394,830	1939	2,774,366	1944	2,235,104	1949	5,905,880	1955	7,968,619
1930	4,773,446	1935	3,433,504	1940	2,739,074	1945	2,294,604	1950	6,997,980	1956	8,071,326
1931	4,479,108	1936	3,163,329	1941	2,508,719	1946	2,885,555	1951	6,134,530	1957	8,039,041
								1952	5,571,415	1958	8,799,277



*Per Share Common — Fiscal Years*

1927	\$0.96	1932	\$2.76	1937	\$2.12	1942	\$1.45	1947	\$3.27	1953	\$4.11
1928	1.04	1933	2.39	1938	1.57	1943	1.51	1948	3.43	1954	4.17
1929	2.04	1934	2.48	1939	1.69	1944	1.36	1949	3.61	1955	4.86
1930	2.69	1935	1.95	1940	1.67	1945	1.40	1950	4.27	1956	4.93
1931	2.52	1936	1.82	1941	1.53	1946	1.76	1951	3.74	1957	4.91
								1952	3.40	1958	5.37



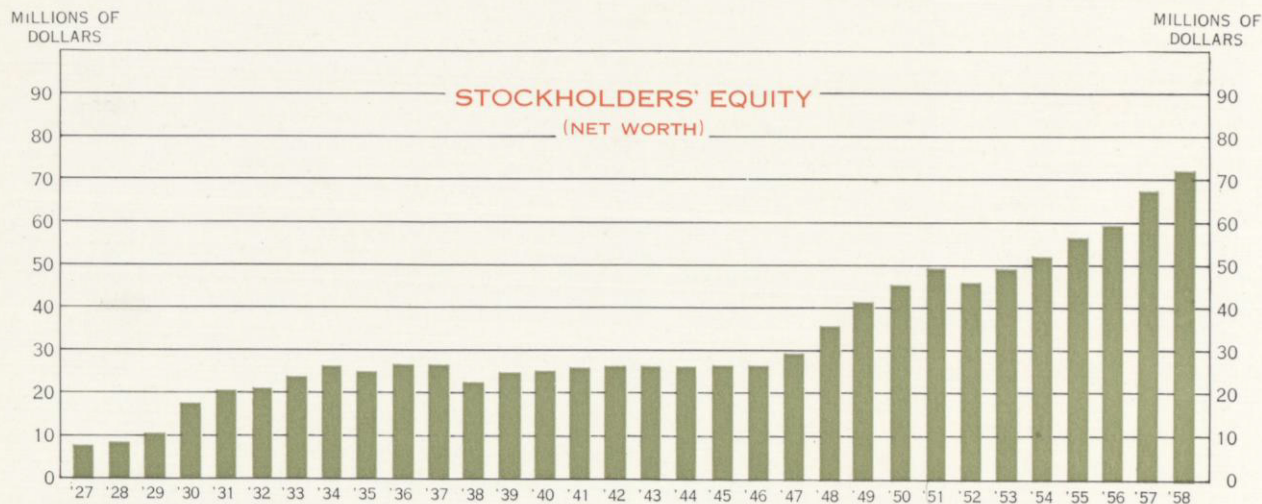
Citizens of suburban Winchester, (Mass.) share First National's pride in its new modern supermarket, which features impressive murals based upon the early history of the community, and authenticated by its Historical Society.



*Earnings Employed in the Business — Fiscal Years*

1927	\$1,996,375	1932	\$10,816,321	1937	\$16,670,118	1942	\$18,889,476	1947	\$23,235,669	1953	\$41,807,095
1928	2,238,303	1933	12,666,672	1938	16,688,036	1943	19,308,135	1948	29,189,624	1954	44,954,164
1929	3,987,782	1934	14,213,494	1939	17,423,131	1944	19,496,819	1949	34,350,171	1955	48,993,652
1930	6,369,726	1935	15,121,448	1940	18,112,565	1945	19,745,003	1950	38,483,159	1956	53,135,847
1931	8,371,910	1936	16,062,827	1941	18,572,964	1946	20,334,138	1951	41,752,697	1957	36,463,268*
								1952	39,604,479		
								1958	41,169,700		

\*Transferred \$25,000,000 to Common Stock Account.



*Stockholders' Equity — Fiscal Years*

1927	\$8,723,782	1932	\$22,793,743	1937	\$26,369,140	1942	\$25,625,755	1947	\$29,971,948	1953	\$48,543,374
1928	8,965,710	1933	24,644,049	1938	23,746,089	1943	26,044,414	1948	35,925,903	1954	51,690,443
1929	11,724,410	1934	26,190,916	1939	24,216,168	1944	26,233,098	1949	41,086,450	1955	55,729,931
1930	18,347,148	1935	24,820,470	1940	24,874,883	1945	26,481,282	1950	45,219,438	1956	59,872,126
1931	20,349,333	1936	25,761,849	1941	25,293,286	1946	27,070,417	1951	48,488,976	1957	67,883,971
								1952	46,340,758		
								1958	72,590,403		

This big, beautiful First National supermarket in the bustling manufacturing city of Lewiston, Me., is a food shopping center for both residents of Lewiston and its "twin city" across the river, Auburn, Me.



# FIRST NATIONAL STORES INC.

# BALANCE SHEET

## ASSETS

	MARCH 29 1958	MARCH 30 1957
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 14,140,195	\$16,205,437
Accounts receivable . . . . .	1,398,252	1,329,797
Inventories, on last-in, first-out cost basis, which is below market . . . . .	30,189,189	29,477,583
<b>Total current assets . . . . .</b>	<b>\$ 45,727,636</b>	<b>\$47,012,817</b>
<b>FIXED ASSETS, at cost (excluding fully-depreciated assets):</b>		
Land . . . . .	\$ 7,327,485	\$ 6,190,742
Buildings owned . . . . .	31,861,931	28,281,268
Store fixtures, leased property improvements, machinery and equipment . . . . .	49,481,774	43,136,825
Automotive equipment . . . . .	3,234,801	2,930,673
	<b>\$ 91,905,991</b>	<b>\$80,539,508</b>
<i>Less — Depreciation . . . . .</i>	<i>39,327,357</i>	<i>34,199,606</i>
	<b>\$ 52,578,634</b>	<b>\$46,339,902</b>
<b>OTHER ASSETS AND DEFERRED CHARGES:</b>		
Investment in wholly-owned subsidiary companies — at cost (represented by underlying net assets of \$978,736 in 1958, \$1,075,309 in 1957) . . . . .	\$ 83,500	\$ 250,833
Prepaid insurance and other deferred expenses . . . . .	2,648,612	2,232,435
Miscellaneous . . . . .	171,290	55,698
	<b>\$ 2,903,402</b>	<b>\$ 2,538,966</b>
	<b>\$101,209,672</b>	<b>\$95,891,685</b>



Newest in the growing First National store family of Rhode Island, this supermarket provides the last word in modern food shopping for Rumford and the surrounding area.



**FIRST NATIONAL STORES INC.**

**BALANCE SHEET**

**LIABILITIES**

	MARCH 29 1958	MARCH 30 1957
<b>CURRENT LIABILITIES:</b>		
Accounts payable . . . . .	\$ 15,753,467	\$13,197,958
Owing to subsidiary companies . . . . .	122,995	179,765
Accrued local and state taxes and other expenses . . . . .	4,937,980	5,363,352
Federal taxes on income . . . . .	7,387,191	8,676,715
Total current liabilities . . . . .	<u>\$ 28,201,633</u>	<u>\$27,417,790</u>
 <b>RESERVES:</b>		
For past service costs under retirement annuity plan . . . . .	\$ 282,594	\$ 444,846
Miscellaneous operating reserves . . . . .	135,042	145,078
	<u>\$ 417,636</u>	<u>\$ 589,924</u>
 <b>STOCKHOLDERS' EQUITY:</b>		
Common stock:		
Authorized — 2,000,000 shares without par value		
Issued — 1,655,268 shares . . . . .	\$ 31,977,422	\$31,977,422
Earnings employed in the business, other than amounts transferred to common stock account — per accompanying statement . . . . .	41,169,700	36,463,268
	<u>\$ 73,147,122</u>	<u>\$68,440,690</u>
 <i>Less</i> — Common stock held in treasury — 18,114 shares, at cost . . . . .	556,719	556,719
Total stockholders' equity . . . . .	<u>\$ 72,590,403</u>	<u>\$67,883,971</u>
	<u>\$101,209,672</u>	<u>\$95,891,685</u>

**ACCOUNTANTS' OPINION**

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF FIRST NATIONAL STORES INC.

In our opinion, the accompanying balance sheet and statements of earnings and earnings employed in the business present fairly the financial position of First National Stores Inc. at March 29, 1958 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Boston, Massachusetts  
May 16, 1958

PRICE WATERHOUSE & CO.

For a wide shopping area in North Central Connecticut, not far from the Massachusetts line, First National provided this attractive supermarket during 1958 at Enfield.



# FIRST NATIONAL STORES INC.

## STATEMENT OF EARNINGS

	YEAR ENDED	
	MARCH 29, 1958	MARCH 30, 1957
Income:		
Retail store sales . . . . .	\$521,494,993	\$507,361,437
Dividends received from wholly-owned subsidiary companies (net earnings for the year — \$124,969 in 1958, \$116,321 in 1957) . . . . .	79,000	74,000
Other income . . . . .	5,601	1,029
	<u>\$521,579,594</u>	<u>\$507,436,466</u>
Costs and expenses:		
Cost of sales, expenses, etc., exclusive of depreciation . . . . .	\$494,225,975	\$483,695,573
Provision for depreciation of fixed assets (Note 1) . . . . .	8,174,892	6,820,565
Interest expense . . . . .	125,180	278,753
Net loss (gain) on disposal of fixed assets . . . . .	349,479	(97,466)
Loss from liquidation of subsidiary company . . . . .	24,791	
Provision for federal taxes on income . . . . .	9,880,000	8,700,000
	<u>\$512,780,317</u>	<u>\$499,397,425</u>
Net earnings . . . . .	<u>\$ 8,799,277</u>	<u>\$ 8,039,041</u>

## STATEMENT OF EARNINGS EMPLOYED IN THE BUSINESS

	YEAR ENDED MARCH 29, 1958
Balance, March 30, 1957 . . . . .	\$36,463,268
Net earnings — per accompanying statement . . . . .	8,799,277
	<u>\$45,262,545</u>
Cash dividends paid — \$2.50 per share . . . . .	4,092,845
Balance, March 29, 1958 . . . . .	<u>\$41,169,700</u>

## NOTES TO FINANCIAL STATEMENTS

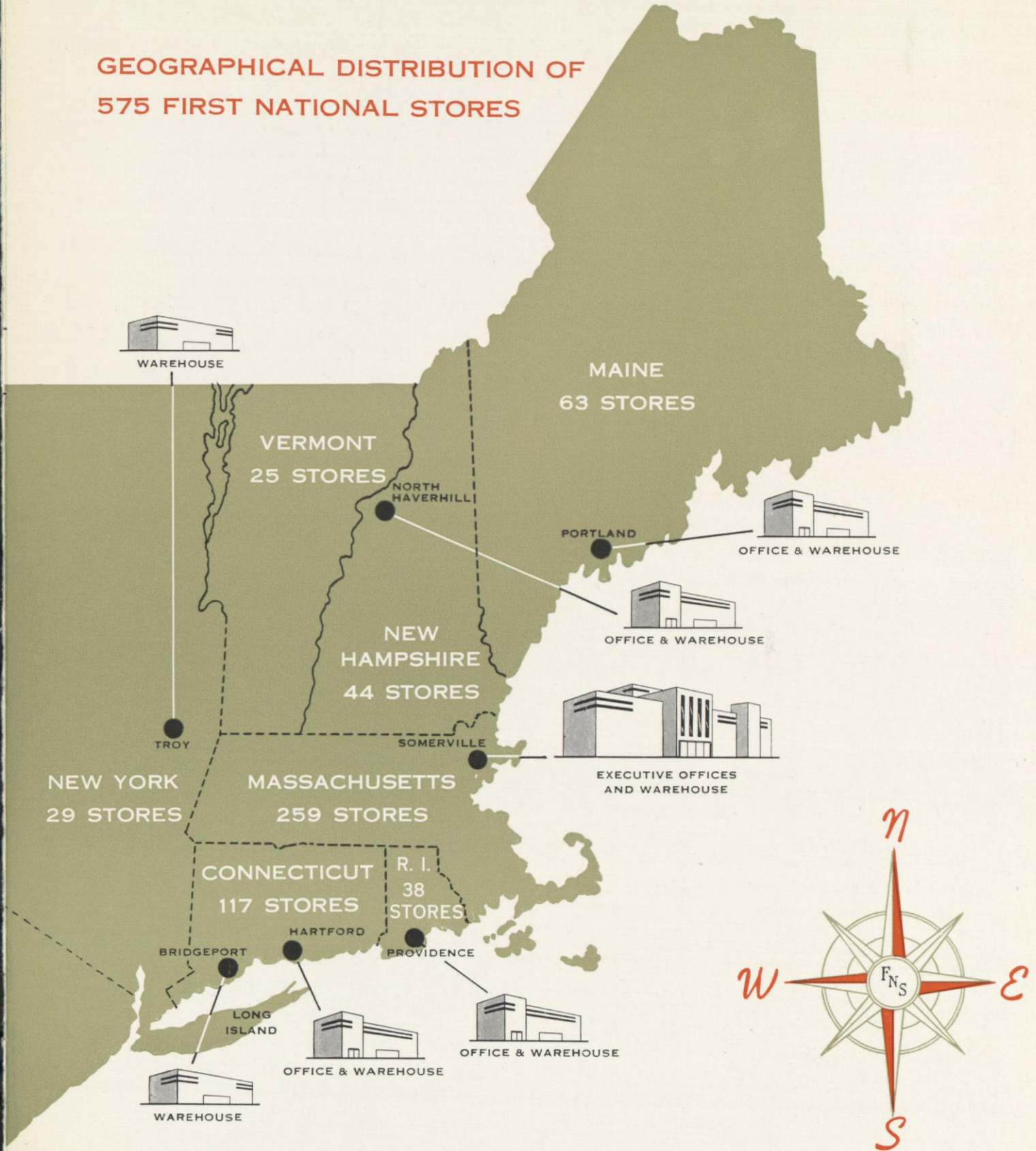
NOTE 1: In the 1958 fiscal year, as in 1957, depreciation has been provided on the straight-line method for depreciable fixed assets acquired prior to March 28, 1954 and on the sum of the years-digits method, as permitted and used for federal income tax purposes, for assets acquired thereafter. For store buildings additional accelerated depreciation has also been provided, computed on a basis which is related to estimated fair rental values. Such additional accelerated depreciation amounted to \$638,998 in 1958 and \$676,802 in 1957 and is not currently deductible for federal income tax purposes.

NOTE 2: At March 29, 1958 the company was obligated under 189 leases expiring more than three years after that date. The aggregate of the minimum annual rentals under these leases is \$2,875,306. The aggregate amount of rentals charged to earnings for the 1958 fiscal year under all leases was \$3,704,735.



First National's popular Roslindale (Mass.) supermarket serves a wide and populous area within the Metropolitan Boston district . . . an area of comfortable homes and active community life.

# GEOGRAPHICAL DISTRIBUTION OF 575 FIRST NATIONAL STORES



**TRANSFER AGENTS:**

THE FIRST NATIONAL BANK OF BOSTON, BOSTON  
 CHEMICAL CORN EXCHANGE BANK, NEW YORK

**REGISTRARS:**

SECOND BANK-STATE STREET TRUST CO., BOSTON  
 BANKERS TRUST CO., NEW YORK, NEW YORK

